

**11/29/77 [2]**

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THE PRESIDENT'S SCHEDULE

Tuesday - November 29, 1977

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7:30 Dr. Zbigniew Brzezinski - The Oval Office.

8:00 Breakfast with Congressional Leadership.  
(60 min.) (Mr. Frank Moore) - First Floor Private Dining Room.

9:15 Meeting with Congressman Charles Bennett.  
(15 min.) (Mr. Frank Moore) - The Oval Office.

10:30 Mr. Jody Powell - The Oval Office.  
(15 min.)

11:15 Dr. Abdul Halim Mahmud, Grand Sheikh of  
(5 min.) Al-Azhar. (Dr. Zbigniew Brzezinski) - Oval Office.

11:30 Vice President Walter F. Mondale, Admiral  
(20 min.) Stansfield Turner, and Dr. Zbigniew Brzezinski.  
The Oval Office.

2:00 Meeting on Tax Message Options. (Mr. Stuart  
(60 min.) Eizenstat) - The Cabinet Room.

3:15 Meeting with Secretary Ray Marshall.  
(20 min.) (Mr. Jack Watson) - The Oval Office.

THE PRESIDENT HAS SEEN.

THE WHITE HOUSE

WASHINGTON

November 28, 1977

MEETING WITH REP. CHARLES BENNETT (D-FLA-3)

Tuesday, November 29, 1977

9:15 a.m. (15 minutes)

The Oval Office

From: Frank Moore *F.M.*

I. PURPOSE

To discuss Rep. Bennett's bill, H.R. 4895, which "amends the Strategic and Critical Materials Stock Piling Act."

II. BACKGROUND, PARTICIPANTS AND PRESS PLAN

Background: We agree with Bennett regarding the importance of the Strategic Materials Stockpile, and endorse along with him a large stockpile based on a major two-front, three year war contingency; (FYI: Bennett remains very suspicious that we will try, like the Nixon Administration, to "sell off" the stockpile. Our letters and meetings have in no way assuaged him.)

We do have problems with the provision in the Congressman's Bill to tie up any money (potentially billions of dollars) received from sales of obsolete stockpile inventories and allow those funds to be used only for future stockpile purchases. Such a budget funding restriction is simply not consistent with sound management principles, restricts both the President's and Congress' flexibility as to use of Treasury receipts, and is in our view unnecessary to "protect" the future funds available for stockpile materials acquisition, given our Administration's commitment to a large stockpile.

The Administration has examined US policy on international commodity agreements and on the establishment of a common fund to facilitate such price stabilization agreements. The Administration believes that it is in the economic interest of the United States to negotiate commodity agreements and a common fund where such measures can help stabilize prices around market trends.

The tin agreement is already in effect. We are concerned that Rep. Bennett's proposals have served to delay Congressional consideration of the Administration's proposed voluntary contribution to the International Tin Agreement (H.R. 9486 and S. 2181). The Administration has indicated that there would be no use of strategic stockpiles to disrupt markets. We believe that the contribution of 5000 long tons of tin metal is in the

U.S. interest, as it would help stabilize an important market not disrupt it.

The Administration appreciates Rep. Bennett's concern about stockpile policy. We can, therefore, offer to work with the Congressman toward a possible compromise on the issues to allow the Congress to consider the voluntary contribution to the Tin Agreement. (The tentative agreement between State and OMB concerns the revolving fund provision -- we would approve it for a period of one year.)

FYI: The Mollohan Bill (H.R. 2723) calls for the disposal in the domestic market of 30,000 long tons of tin metal from the surplus available in the stockpile. The Bill has been submitted to Bennett's Subcommittee but Bennett refuses to hold hearings on the Bill pending enactment of his bill. The McClure Bill (S. 1198) calls for a recalculation of strategic stockpile goals based on U.S. import dependency for individual commodities. The NSC opposes such a recalculation. Neither of these bills should be included at this time in a offer of compromise with Congressman Bennett.

Rep. Bennett was first elected in 1948, and was unopposed in the 1976 election. He is #2 on the Armed Services Committee and is Chairman of the Seapower and Strategic and Critical Materials Subcommittee. His White House rating (for votes on Administration sponsored legislation) is 47.1%.

Participants: The President, Rep. Bennett, Frank Moore, Stu Eizenstat, Zbig Brzezinski, Bill Cable.

Press Plan: White House photographer only.

### III. TALKING POINTS

1. If Rep. Bennett mentions shipbuilding, you might want to tell him that the Department of Defense will submit a formal proposal in January. It is important not to commit us to anything.
2. You might want to wish Bennett a happy birthday. He was born December 2, 1910.

THE WHITE HOUSE  
WASHINGTON

November 29, 1977

Zbig Brzezinski

The attached was returned in  
the President's outbox. It is  
forwarded to you for your  
information.

Rick Hutcheson

RE: CODEL WRIGHT MEETING WITH SADAT

THE WHITE HOUSE  
WASHINGTON

<input type="checkbox"/>	FOR STAFFING
<input type="checkbox"/>	FOR INFORMATION
<input checked="" type="checkbox"/>	FROM PRESIDENT'S OUTBOX
<input type="checkbox"/>	LOG IN/TO PRESIDENT TODAY
<input type="checkbox"/>	IMMEDIATE TURNAROUND

ACTION	FYI	
<input type="checkbox"/>	<input type="checkbox"/>	MONDALE
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<input type="checkbox"/>	ENROLLED BILL
<input type="checkbox"/>	AGENCY REPORT
<input type="checkbox"/>	CAB DECISION
<input type="checkbox"/>	EXECUTIVE ORDER
Comments due to Carp/Huron within 48 hours; due to Staff Secretary next day	

<input type="checkbox"/>	ARAGON
<input type="checkbox"/>	BOURNE
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<input type="checkbox"/>	WARREN

THE PRESIDENT HAS SEEN.

# TELEGRAM

INDICATE  
☐ COLLECT  
☐ CHARGE TO

3615-  
info  
for J. Wright  
J

FROM  
AMEMBASSY CAIRO

CLASSIFICATION  
UNCLASSIFIED

E.O. 11652:

TAGS:

SUBJECT:

ACTION:

NA  
EG IS OREP  
Codel Wright Meeting with Sadat

Secstate WASHDC IMMEDIATE

~~Amembassy Tel Aviv IMMEDIATE~~  
~~Amconsul Jerusalem IMMEDIATE~~  
UNCLASSIFIED CAIRO

CODEL WRIGHT

SUMMARY. Sadat told Codel Wright that when Begin invitation to visit Knesset comes, he will "be ready to go". ~~He~~ He viewed visit to Knesset as part of necessary preparations for Geneva, ~~he~~ dismissed procedural questions as unimportant and stressed necessity of negotiating substantive questions of territorial withdrawal and Palestinian rights including self-determination. Knesset trip would also be to help overcome psychological aspect of conflict. Sadat refused to accept thesis that Palestinian homeland would be threat to Israel. Real ~~Palestinian problem resolved and~~ security for Israelis can only come if Arab states agree to live in peace with them. Following meeting, in response to journalist query whether he would not find himself isolated in going to Knesset, Sadat said he would not go & if Israelis do not accept him as a spokesman for all Arabs. END SUMMARY.

POL-3

AMB  
DCM  
SA  
ECON  
USIS  
DAO  
CHRON

DRAFTED BY:

POL:ALowry:sw/mk

DRAFTING DATE

11/15/77

TEL. EXT.

CONTENTS AND CLASSIFICATION APPROVED BY:

AMB:HFrEitts

CLEARANCES:

DCM:HFMattthews

CODEL Wright

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UNCLASSIFIED  
CLASSIFICATION

OPTIONAL FORM 153  
(Formerly FS-413)  
January 1975  
U.S. State

1. Codel Wright met with President Sadat for forty minutes in spirited session November 15. VP Mubarak attended and Codel accompanied x by Ambassador. Local and foreign press and TV were present throughout meeting. Rep Wright began by describing intense interest of this bipartisan leadership delegation in Sadat's efforts toward peace. If there any way Codel could be helpful to peace process, it would wish to do so. Codel would welcome any messages President may have to convey.

2. Sadat said he wished to take opportunity ~~to express gratitude~~ to express gratitude of Egyptian people for "gallant help" it has received from U.S. Codel visit, he said, is taking place at crucial moment. Throughout peace process, which began after October 1973 war, momentum has at times slackened and even stopped. He hopes efforts of his "dear ~~friend~~ friend President Carter" and those of peace loving nations will keep momentum going. Sadat said he had full confidence in President Carter and his sincerity and that he has shown the world the "real image of the American people". Sadat would continue to work for a just peace in this most dangerous part of the world. He ~~did~~ did not wish to give a lecture, but preferred to answer Codel's questions.

3. Rep Wright referred to "remarkable step" Sadat had taken in willingness to go to the Knesset to speak to all its members. He understood that PM Begin is in process of transmitting official invitation via U.S. Ambassador to Sadat. This may be long-awaited breakthrough if President and PM Begin talk together.



Would President accept invitation? Sadat referred to the latest steps aimed at convening Geneva where all parties would sit together and sign a peace treaty to establish peace throughout area. He said that during Sinai II negotiations, Secretary Kissinger has shuttled back and forth merely to change one word or comma. This is not worth cost of petrol. With regard to first American working paper and second American-Israeli working paper, he noted Israeli cabinet had met for hours to discuss it. This does not interest him. "Let us go to substance of the problem." Although first working paper better than second, "I have said I am ready to go to Geneva regardless of what is the working paper." We want to solve problem by a peace agreement. With regard to invitation from Begin, Sadat said it had been his suggestion last night to Walter Cronkite that invitation be delivered through "our mutual friend" U.S. Ambassadors. "When it comes I will be ready to go." Parties should not, he said, waste time on procedural matters. ~~Seventy~~ Seventy percent of problem is psychological and 30 percent substance. This is why he will go to the Knesset to open a discussion and to give them the real facts in the area from the Arab point of view so they can decide for themselves.

4. Rep Quillen said he hoped Sadat could accept Begin invitation and asked whether or not USSR Involvement at Geneva would create problem? Sadat said he considered his visit to Knesset as part of preparations for Geneva. He has, however, said good prepara-

tions are necessary because without them parties would only sit and argue. Therefore, essential that preparations for Geneva be complete. With regard Soviets, Sadat said Egypt had "strained relations" with them. They had put an arms embargo on Egypt since 1973 War; cancelling old arms deals, not providing spare parts and refusing to sell replacements for weapons lost in 1973 War, whereas for Syria they had ~~xx~~ replaced everything and more, just as U.S. had done with Israel. President hopes that Soviets will not adopt attitude in Geneva similar to ~~what~~ that which they have in bilateral relations. However, He does not fear USSR or any big power because he is right in what he is doing. Only countries of the area can accept peace with justice that meets their national aspirations. USSR cannot do anything to prevent reaching of an agreement.

5. Rep Wright referred to preparations for Geneva, recalling that Sadat had particularly stressed withdrawal from occupied territories and Palestinian problem. Does he see any way to accommodate the needs and aspirations of Palestinians without creating on Israel's border an autonomous state that Israel would perceive to be dedicated to its destruction? Sadat said Palestinian problem must be solved in order to achieve permanent peace. Palestinian problem has two major aspects. The political aspect is now recognized by UN and even by U.S. which admits Palestinian homeland necessary to resolve it. Second, is the human aspect which concerns welfare of the

refugees. With regard to first, there is no question  
Palestinians should have a homeland. Whole world agrees to  
this including President Carter, but more understanding  
needed from U.S. How to fulfill aspirations of Palestinians  
without giving them a state? Particularly since West Bank  
and Gaza can fulfill these aspirations. Sadat said he saw  
that a misunderstanding

Classification

2.2-1111

Rm 106

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Hello to Chuck Varas

for SCOTT MANDER

HOME: 2422 CLAVERO,  
UNIV. HTS. OH.  
44118

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2/307 Resnick  
Hebrew University  
Jer. Is.

existed that Israel is deliberately planting. He had said that Palestinian state should be connected to Jordan federation, in some form of confederation or Unified Arab States and that this should be declared before Geneva in order to meet Israeli concerns. ~~He~~ <sup>He</sup> would ~~ix~~ insist on this. He

referred again to alleged Israeli misrepresentation and ~~asked~~ asked "How could a Palestinian state which would need many years even to get started, pose a threat to Israel?" Sadat said there had been four wars in the last thirty years, three of which Israel fought against ~~the~~ the entire Arab world. "They are always for expansion." He does not agree that there is threat from Palestinian state. Israel is armed to the teeth. It is Palestinian state that will be <sup>in</sup> danger. With massive arms "you have sent Israelis they are a threat to all of the Arab world." Just as prior to 1973 they had boasted that with U.S. Phantoms they could strike anywhere in Arab world. Sadat emphasized that real security for Israelis ~~ixxArab~~ can only come if Arab states agree to live in peace ~~ixx~~ with them.

6. Rep Wright agreed and went on to say that for peace to be established each party must take into account the perceptions of the other. Israelis feel genuinely that they are threatened as do Arabs. <sup>Is it</sup> ~~ixxix~~ possible that residents of Palestinian homeland declare the right of

Israel to exist in peace in exchange for establishment of homeland? Sadat said this was another Israeli effort deliberately to mislead. "When we sit together at Geneva, isn't this recognition by Palestinians of Israel, as will be signing of peace agreement?" Secondly, Israel has everything: a state, recognition of UN and help of a super-~~power~~ power. Palestinians have nothing and been denied everything for thirty years.X "Why not mutual recognition at the table in Geneva when we will all be signing peace agreement."

7. Rep Waxman referred to reported decision of Arab FonMin's meeting in Tunis that summit agreed to for February 1978.

Is this some kind of deadline? Secondly, what does President hope to accomplish in meeting with Asad?

Sadat said according to 1974 Rabat summit decision Summit is to be held once a year. It has therefore nothing to do with Geneva. The visit to Asad was agreed to before his Knesset proposal speech. It is part of Arab coordination such as he recently has had with Kings Khalid and Hussein. And Asad had contacted President and they had agreed before Sadat's proposal made Nov 9. Proposal has nothing to do with their meeting. Rep Waxman ~~asked~~asked if meeting did not represent change in policy toward Asad since previously President would not meet with Asad until he changed his position on Geneva? Sadat denied that there

were any conditions between him and Asad in their ~~dealings~~ dealings since they talk like brothers. He does not dream of imposing anything on Asad and vice-versa.

8. Rep Blanchard said that Sadat had a lot to lose if ~~the peace process fails~~ peace process fails and so does President Carter. He knew Carter felt great trust and confidence in Sadat and also in Begin. How does Sadat view Carter? Sadat said he had full confidence in President Carter and trusts him. He only hopes that Begin has the same trust. People now talk about Israelis defying U.S. because they have enough ~~war material~~ war material "from you" to fight for three or four ~~months~~ months--"much improved over 1973." In any case, he had full trust in Carter as man of his word. He was proud of their personal relationship and was sure that this relationship would benefit Middle East problem in the future.

asked  
9. Rep Waxman/~~asked~~ if Sadat was willing to go to Geneva on basis of working paper that has now been given to Arab governments. Sadat said there seems to be misunderstanding about what he had said. He said he would go to Geneva with any paper. He wants to deal with the substantive issues: territorial withdrawal and Palestinian rights included self-determination. Rep Waxman said wasn't this setting conditions? Sadat said he was not setting conditions, and asked "how can we reach permanent peace without re-

solving Palestinian problem, since it is core of problem, not Golan or Sinai. One should not adopt the attitude of Begin." Rep Waxman said he was not adopting Israeli attitude, but it seemed to him that there is a hang-up over this issue. Can the parties get together in Geneva on basis of 242 or 338 to discuss all problems including Palestinians? Sadat said "we must have all parties present and the main party to the dispute is the Palestinians."

10. Rep Wright said PM Begin agrees to inclusion of Palestinians. Can they be there under unified Arab delegation instead of as individually designated PLO delegation? Sadat responded "Marvelous, Marvelous. Very good approach."

He said when he had first visited President Carter he was against unified delegation and they had discussed it at length. In order to help make breakthrough he had agreed to unified delegation by having Palestinians included. Carter has recently sent another paper <sup>which</sup> ~~sketch~~ he had agreed ~~to~~ to. Rep Wright's approach was a very good one.

11. Rep Wright thanked President for his time and expressed Codel's gratification for his peace efforts. Sadat responded that Codel should remember that whenever "you in the States decide to establish peace in the Middle East it will be established." He had made his Knesset proposal to help move towards peace. He is convinced that we can "at this precise moment reach peace and we must



not lose this opportunity." He asked Codel to convey to American people and to President Carter his gratitude for all that U.S. has done to help Egypt.

12. Following meeting, Sadat responded to several questions from newsmen. In response to ABC Peter Jennings about timing of Knesset visit, Sadat said that certain preparations and other matters would have to be taken into account and avoided an explicit reply other than he is ready to to. In response Jennings query whether he would not find himself isolated in going to Knesset, Sadat said that he would not go to Knesset if Israelis do not accept him as a spokesman for all the Arabs.

13. Codel has cleared this message.

*[Signature]*  
EILTS

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UNCLASSIFIED  
Classification

HR 4855 373-24

Stokols - Political A

5-3-172 war

Opium - subcommittee

Pragmatic

① Indemnity fund

with buy & sale

② Use barter opportunity

③ An 74 to buy

Tim in surplus

Can - need to buy

Compromise -

Smoking (5-10 years)

Fund end in 5 years

Not sure President

controls decisions

Classification  
 UNCLASSIFIED

EIT 12

13. Code] has cleared this message.

spokesman for all the Arabs.

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to American people and to President Carter his gratitude

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THE WHITE HOUSE  
WASHINGTON  
November 29, 1977

Jody Powell

The attached was returned in  
the President's outbox. It is  
forwarded to you for appropriate  
handling.

Rick Hutcheson  
RE: OCTOBER TRADE BALANCE: AN  
UPDATE

THE WHITE HOUSE  
WASHINGTON

	FOR STAFFING
	FOR INFORMATION
✓	FROM PRESIDENT'S OUTBOX
	LOG IN/TO PRESIDENT TODAY
	IMMEDIATE TURNAROUND

ACTION	FYI	
		MONDALE
		COSTANZA
		EIZENSTAT
		JORDAN
		LIPSHUTZ
		MOORE
		POWELL
		WATSON
		LANCE
✓		SCHULTZE

	ENROLLED BILL
	AGENCY REPORT
	CAB DECISION
	EXECUTIVE ORDER

Comments due to  
Carp/Huron within  
48 hours; due to  
Staff Secretary  
next day

	ARAGON
	BOURNE
	BRZEZINSKI
	BUTLER
	CARP
	H. CARTER
	CLOUGH
	FALLOWS
	FIRST LADY
	HARDEN
	HUTCHESON
	JAGODA
	KING

	KRAFT
	LINDER
	MITCHELL
	MOE
	PETERSON
	PETTIGREW
	POSTON
	PRESS
	SCHLESINGER
	SCHNEIDERS
	STRAUSS
	VOORDE
	WARREN

THE PRESIDENT AND VICE PRESIDENT

cc Today  
C  
/

THE CHAIRMAN OF THE  
COUNCIL OF ECONOMIC ADVISERS  
WASHINGTON

November 28, 1977

MEMORANDUM FOR THE PRESIDENT

From: Charlie Schultze<45

Subject: October Trade Balance: An Update

The Commerce Department has dug further into the data on the October balance of trade. Commerce's latest findings underscore the degree to which the dock strike has distorted the September and October trade data.

For example, from March through August, the U.S. trade deficit averaged \$2.3 billion. The average deficit for September and October combined is nearly identical -- \$2.4 billion. Moreover, the average level of imports and of exports in the March through August period is identical to the September-October level. In short, the September and October data are consistent with the general trend of imports and exports during the previous six months. We had an anticipatory surge in exports during September to "beat" the strike, and a sharp fall in October.

In October, the strike's impact was reflected in a sharp decline in both imports and exports by sea.

Exports transported by ship declined sharply in October, and the decline was concentrated in two sorts of products most affected by the dock strike: products that typically are sent by container, and those agricultural products that, for a brief period, were covered by the strike in New Orleans. Exports sent by air or by surface transportation increased somewhat in October, but not sufficiently to offset declines in ship-borne exports.

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Imports followed a similar pattern. Imports delivered by ship declined significantly in October, while imports delivered by air and by surface transportation increased somewhat. Commerce also has found evidence that some sea-borne imports were diverted from American ports to Canadian ports, where goods were unloaded and delivered to the United States by surface or by air. Exporters apparently did not divert goods to Canada for shipment abroad. This probably is due largely to the difficulty of arranging transportation of export goods to Canadian ports, and to the fact that exports had been increased in September in order to bridge exporters' needs during the dock strike.

In my earlier memo, I also raised the possibility that the October import data may have been inflated by the filing of import documents covering goods still aboard ship waiting for unloading. The Department of Commerce has informed me that this was not the case. However, importers do have ten working days to report to the Customs Service after goods are landed. Thus, if imports were speeded up in September in anticipation of the strike, some imports may not have been recorded until October. Import levels may have been understated in September and overstated in October, but the effect on the overall trade balance appears to be quite small.

My earlier conclusion that the October data are severely distorted by the dock strike still holds. Some effects of the strike still will be reflected in the November data. At this point, it is impossible to conclude whether we have seen a basic shift in the trade picture in September and October, but I tend to doubt that this has occurred. And the November data will still be distorted.

THE WHITE HOUSE  
WASHINGTON  
November 29, 1977

The Vice President  
Stu Eizenstat

The attached is forwarded to  
you for your information.

Rick Hutcheson

RE: OCTOBER TRADE BALANCE: AN UPDATE

THE WHITE HOUSE  
WASHINGTON

November 29, 1977

Jim Gammill

The attached was returned in  
the President's outbox. It is  
forwarded to you for appropriate  
handling.

Rick Hutcheson

cc: Peter Bourne

RE: INTERNATIONAL YEAR OF THE  
CHILD



THE WHITE HOUSE  
WASHINGTON

	FOR STAFFING
	FOR INFORMATION
/	FROM PRESIDENT'S OUTBOX
	LOG IN/TO PRESIDENT TODAY
	IMMEDIATE TURNAROUND

ACTION  
FYI

	MONDALE
	COSTANZA
	EIZENSTAT
	JORDAN
	LIPSHUTZ
	MOORE
	POWELL
	WATSON
	LANCE
	SCHULTZE

	ENROLLED BILL
	AGENCY REPORT
	CAB DECISION
	EXECUTIVE ORDER

Comments due to  
Carp/Huron within  
48 hours; due to  
Staff Secretary  
next day

	ARAGON
/	BOURNE
	BRZEZINSKI
	BUTLER
	CARP
	H. CARTER
	CLOUGH
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	HARDEN
	HUTCHESON
	JAGODA
/	KING

	KRAFT
	LINDER
	MITCHELL
	MOE
	PETERSON
	PETTIGREW
	POSTON
	PRESS
	SCHLESINGER
	SCHNEIDERS
	STRAUSS
	VOORDE
	WARREN

JG

THE WHITE HOUSE  
WASHINGTON

Mr. President:

The First Lady, Stu Eizenstat  
and Jim Gammill concur with  
Peter's recommendation.

Midge Costanza, Zbig Brzezinski  
and Congressional Liaison have  
no comment.

Rick (wds)

THE PRESIDENT HAS SEEN.

THE WHITE HOUSE

WASHINGTON

November 22, 1977

MEMORANDUM FOR THE PRESIDENT

FROM: PETER BOURNE *P.B.*

SUBJECT: INTERNATIONAL YEAR OF THE CHILD

1979 is the International Year of the Child. It is to be a major event for the U.N. with National Commissions to be established in each country to promote the activities for the year. The parent organization is UNICEF which has 20,000 support chapters around the United States so I anticipate that the activities for the year will get considerable attention. A more detailed description of the International Year of the Child is ~~attached.~~

I have talked to Rosalynn about being the Chairperson of the Commission, but after considerable thought she decided against it. We have reviewed many other alternative names. The one I would like to recommend to you for your approval is Jean Young (Andy's wife). Hamilton concurs with this.

I would like to proceed as rapidly as possible with the appointment of the Chairperson so that they could begin to work with the various agencies on planning for the year, and also participate in the consideration of other Commission members to recommend to you.

PGB:ss

✓ Approve, begin clearance process

       Disapprove, hold

*✓*

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THE WHITE HOUSE

WASHINGTON

Date: November 22, 1977

MEMORANDUM

**FOR ACTION:**

Stu Eizenstat *concur*  
Hamilton Jordan *nc*  
Jack Watson  
The First Lady *concur "good choice"*  
Jim Gammill *concur*

**FOR INFORMATION:**

Midge Costanza *nc*  
Bob Lipshutz  
Frank Moore (Les Francis) *nc*  
Jim McIntyre *attached*  
Zbig Brzezinski *nc*

**FROM:** Rick Hutcheson, Staff Secretary

**SUBJECT:** Bourne memo dated 11/22/77 re International Year of the Child

**YOUR RESPONSE MUST BE DELIVERED  
TO THE STAFF SECRETARY BY:**

**TIME:** 12:00 Noon

**DAY:** Monday

**DATE:** November 28, 1977

**ACTION REQUESTED:**

☒ Your comments  
Other:

**STAFF RESPONSE:**

☐ I concur. ☐ No comment.  
Please note other comments below:

*Bid - get cover  
memo &  
nomination  
document from  
Gammill*

**PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.**

If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately. (Telephone, 7052)

THE WHITE HOUSE  
WASHINGTON

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<input type="checkbox"/>	FOR INFORMATION
<input type="checkbox"/>	FROM PRESIDENT'S OUTBOX
<input type="checkbox"/>	LOG IN/TO PRESIDENT TODAY
<input type="checkbox"/>	IMMEDIATE TURNAROUND

ACTION	FYI	
		MONDALE
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<input checked="" type="checkbox"/>		EIZENSTAT
<input checked="" type="checkbox"/>		JORDAN
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		POWELL
<input checked="" type="checkbox"/>		WATSON
	<input checked="" type="checkbox"/>	LANCE
		SCHULTZE

<input type="checkbox"/>	ENROLLED BILL
<input type="checkbox"/>	AGENCY REPORT
<input type="checkbox"/>	CAB DECISION
<input type="checkbox"/>	EXECUTIVE ORDER
	Comments due to Carp/Huron within 48 hours; due to Staff Secretary next day

		ARAGON
		BOURNE
<input checked="" type="checkbox"/>		BRZEZINSKI
		BUTLER
		CARP
		H. CARTER
		CLOUGH
		FALLOWS
<input checked="" type="checkbox"/>		FIRST LADY
		HARDEN
		HUTCHESON
		JAGODA
<input checked="" type="checkbox"/>		KING <i>Gannett</i>

		KRAFT
		LINDER
		MITCHELL
		MOE
		PETERSON
		PETTIGREW
		POSTON
		PRESS
		SCHLESINGER
		SCHNEIDERS
		STRAUSS
		VOORDE
		WARREN

## INTERNATIONAL YEAR OF THE CHILD

### Background

The UNICEF has proposed that the U.S. government provide support for a National Commission which would, in 1978, plan, coordinate, and provide overall leadership for the United States' involvement in the United Nations International Year of the Child (IYC) which begins in 1979. The U.S. Committee for UNICEF is actively engaged in planning for the International Year of the Child by encouraging state and local governments, especially community and civic groups, to develop information and action programs in support of IYC. The intention is to involve as many people and organizations as possible, raise the level of awareness within the American public to child health and human development problems, and ultimately to increase support for child development programs throughout the United States and the world.

There is potential for great human benefit from such a program. The United States trails far behind many European countries in infant and child mortality and the health of the young. This situation need not exist if we devote more attention to the mothers and children in urban slums and disadvantaged rural areas in the United States. Also, worldwide, millions of children die needlessly from hunger and disease each year, and tens of millions suffer permanent reduction in their human capacity. Relatively modest increases in foreign assistance such as proposed by President Carter could avert much of this tragedy. However, the people and the Congress need to be made aware of the needs and potentials for such programs.

### Discussion

I have met with the President of the U.S. Committee for UNICEF, Mrs. Pantaleoni; the Executive Director, Mr. Lloyd Bailey; and Dr. Gordon Klopff to discuss their interest and plans, and to identify what they have accomplished thus far as well as what they perceive as the U.S. government's role in preparing for the IYC. Of significance, they have already in place the network of private organizations throughout the United States which annually raise funds for UNICEF. Also, they have generated support from radio and TV stations throughout the U.S. to cover regional workshops and/or seminars in which papers will be presented, panel discussions convened, and a general debate about child health and human development problems will take place. This will provide visibility and involve an enormous number of people on the subject of children. In my judgment, this has great potential to expand and improve

understanding among families, individual adults as well as state and local officials about problems related to children.

As you know, UNICEF is one of the most popular and well known organizations in the United States. Also, the U.S. Committee for UNICEF is perhaps one of the most effective interest groups with the Congress in obtaining support for United Nations' programs. Last year they raised \$11 million of which \$7 million was donated to UNICEF. Since 1947, they have raised \$100 million through private sources for UNICEF. They have a direct link to about 20,000 community organizations that support their work. Therefore, support by the United States government for a National Commission which is closely linked to the U.S. Committee for UNICEF has implications for the continued development of strong citizen support for basic human needs and the work of the UN. There are few initiatives which have similar potential over the short term and the long term to provide the Administration with grassroots support for domestic and international social programs. This initiative is specifically designed to improve understanding of child rearing, child development, child behavioral problems, problems associated with the family and its relationship to the child, etc., and of the measures required to further reduce infant mortality in the United States and overseas.

The National Commission might be involved in the following project activities:

- a. Explore the development of social and political action programs in support of needy U.S. children. This could include commissioning analyses of existing studies, such as All Our Children: The American Family Under Pressure, prepared for the Carnegie Council on Children by Kenneth Kenniston, and Toward a National Policy for Children and Families, prepared by the National Research Council of the National Academy of Sciences. Also, the Commission might fund additional studies of its own. Panel discussions, critiques, and papers could be presented at regional forums discussing these comprehensive studies as well as other studies associated with this field. The forums and discussions which the Commission would coordinate would probably also include discussions about child health and human development in poor countries of the world.
- b. The National Commission could prepare a set of recommendations concerning children based on the work of other groups as well as that of the Commission. These recommendations could be distributed

to national, state, and local organizations which are already being encouraged by the U.S. Committee for UNICEF to develop information and action programs for the IYC.

- c. The commission could set specific goals and objectives for consideration by communities, states, and the nation in the area of child health and human development. One such goal might be the reduction of infant mortality by half between present levels (17 per thousand births in the United States in 1973) and the best worldwide national level (for Sweden) of 9. For Example, the District of Columbia, which has one of the highest infant mortality rates in the United States, might form a local IYC group which could consider a goal to reduce the infant mortality rate of 29 in 1973 by 50 percent in the District of Columbia by 2000, what this might require to accomplish, and possible alternative goals. Similar or related goals could be established by communities and/or states and publicized. This will help strengthen the potential of state, local, and national organizations to secure financial support to mount programs designed to reach child health and human development goals.

The above type of activities would culminate in a National Commission position which could be conveyed to the United Nations in 1979 through an address given by the President. All of this would take place in 1978, but the planning must begin now. Our strong involvement in I.Y.C. would demonstrate our concern about basic human needs in the world and would be a tangible demonstration of the United States government's commitment to the health and development of children in the U.S.

Mrs. Carter has agreed to host a Special White House reception at some point during the year.



63

Date: November 22, 1977

## MEMORANDUM

## FOR ACTION:

Stu Eizenstat  
Hamilton Jordan  
Jack Watson  
The First Lady  
Jim Gammill

## FOR INFORMATION:

Midge Costanza  
Bob Lipshutz  
Frank Moore (Les Francis)  
Jim McIntyre  
Zbig Brzezinski

FROM: Rick Hutcheson, Staff Secretary

SUBJECT: Bourne memo dated 11/22/77 re International Year of the Child

YOUR RESPONSE MUST BE DELIVERED  
TO THE STAFF SECRETARY BY:

TIME: 12:00 Noon

DAY: Monday

DATE: November 28, 1977

## ACTION REQUESTED:

☒ Your comments

Other:

## STAFF RESPONSE:

☐ I concur.☒ No comment.*Please note other comments below:***PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.**

If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately. (Telephone, 7052)

Date: November 22, 1977

MEMORANDUM

## FOR ACTION:

Stu Eizenstat  
Hamilton Jordan  
Jack Watson  
The First Lady  
Jim Gammill

## FOR INFORMATION:

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WASHINGTON

Date: November 22, 1977

MEMORANDUM

FOR ACTION:

Stu Eizenstat  
Hamilton Jordan  
Jack Watson  
The First Lady  
Jim Gammill

FOR INFORMATION:

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DATE: November 28, 1977

ACTION REQUESTED:

☒ Your comments  
Other:

STAFF RESPONSE:

☐ I concur. ☐ No comment.  
Please note other comments below:

*good choice*  
*R*

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for Preservation Purposes**

**PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.**

If you have any questions or if you anticipate a delay in submitting the required  
material, please telephone the Staff Secretary immediately. (Telephone 7052)



EXECUTIVE OFFICE OF THE PRESIDENT

OFFICE OF MANAGEMENT AND BUDGET

WASHINGTON, D.C. 20503

November 28, 1977

MEMORANDUM FOR RICK HUTCHESON

THROUGH: BO ~~CUTTER~~

FROM: RANDY JAYNE

SUBJECT: Bourne memo regarding International  
Year of the Child

The memorandum to the President should include the estimated cost of the proposed commission and how it will be financed. Although the State Department has requested a \$1 million voluntary contribution to UNICEF under the authority of section 301 of the Foreign Assistance Act to help finance United Nations activities of the Year of the Child, that section authorizes grants only to international organizations. Other authority and appropriations, or private contributions, will have to be relied on to finance the proposed commission.

MEMORANDUM

7751

NATIONAL SECURITY COUNCIL

UNCLASSIFIED

November 25, 1977

MEMORANDUM FOR: RICK HUTCHESON  
FROM: CHRISTINE DODSON *Christine*  
SUBJECT: International Year of the Child

We have no comment to make on Peter Bourne's memorandum of November 22.

UNCLASSIFIED

Date: November 22, 1977

MEMORANDUM

7751

**FOR ACTION:**

Stu Eizenstat  
Hamilton Jordan  
Jack Watson  
The First Lady  
Jim Gammill

**FOR INFORMATION:**

Midge Costanza  
Bob Lipshutz  
Frank Moore (Les Francis)  
Jim McIntyre  
Zbig Brzezinski

**FROM:** Rick Hutcheson, Staff Secretary

**SUBJECT:** Bourne memo dated 11/22/77 re International Year of the Child

**YOUR RESPONSE MUST BE DELIVERED  
TO THE STAFF SECRETARY BY:**

**TIME:** 12:00 Noon

**DAY:** Monday

**DATE:** November 28, 1977

**ACTION REQUESTED:**

☒ Your comments

Other:

**STAFF RESPONSE:**

☐ I concur.

☒ No comment.

*Please note other comments below:*


**PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.**

If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately. (Telephone, 7052)

THE WHITE HOUSE

WASHINGTON

November 23, 1977

MEMORANDUM FOR: THE PRESIDENT  
FROM: STU EIZENSTAT   
SUBJECT: Bourne Memo dated 11/22/77

I concur with Peter Bourne's recommendation of Jean Young as Chairperson of the Commission for the International Year of the Child.

Date: November 22, 1977

## MEMORANDUM

## FOR ACTION:

Stu Eizenstat  
Hamilton Jordan  
Jack Watson  
The First Lady  
Jim Gammill

## FOR INFORMATION:

Midge Costanza  
Bob Lipshutz  
Frank Moore (Les Francis)  
Jim McIntyre  
Zbig Brzezinski

FROM: Rick Hutcheson, Staff Secretary

SUBJECT: Bourne memo dated 11/22/77 re International Year of the Child

YOUR RESPONSE MUST BE DELIVERED  
TO THE STAFF SECRETARY BY:

TIME: 12:00 Noon

DAY: Monday

DATE: November 28, 1977

## ACTION REQUESTED:

☒ Your comments

Other:

## STAFF RESPONSE:

☒ I concur. *Jim G*☐ No comment.

Please note other comments below:

( P Bourne's memo says it all. )

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately. (Telephone, 7052)



THE WHITE HOUSE  
WASHINGTON

November 29, 1977

Charles Schultze

The attached was returned in  
the President's outbox. It is  
forwarded to you for appropriate  
handling.

Rick Hutcheson

cc: Zbig Brzezinski

RE: ECONOMIC OUTLOOK IN OECD  
COUNTRIES

THE WHITE HOUSE  
WASHINGTON

	FOR STAFFING
	FOR INFORMATION
✓	FROM PRESIDENT'S OUTBOX
	LOG IN/TO PRESIDENT TODAY
	IMMEDIATE TURNAROUND

ACTION  
FYI

	MONDALE
	COSTANZA
	EIZENSTAT
	JORDAN
	LIPSHUTZ
	MOORE
	POWELL
	WATSON
	LANCE
✓	SCHULTZE

	ENROLLED BILL
	AGENCY REPORT
	CAB DECISION
	EXECUTIVE ORDER
	Comments due to Carp/Huron within 48 hours; due to Staff Secretary next day

	ARAGON
	BOURNE
✓	BRZEZINSKI
	BUTLER
	CARP
	H. CARTER
	CLOUGH
	FALLOWS
	FIRST LADY
	HARDEN
	HUTCHESON
	JAGODA
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	LINDER
	MITCHELL
	MOE
	PETERSON
	PETTIGREW
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	PRESS
	SCHLESINGER
	SCHNEIDERS
	STRAUSS
	VOORDE
	WARREN

THE PRESIDENT HAS SEEN.

THE CHAIRMAN OF THE  
COUNCIL OF ECONOMIC ADVISERS  
WASHINGTON

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November 29, 1977

*Charlie -  
Good report.  
Summary might  
go to Ambassadors  
in selected OPEC  
countries as inducement  
to hold  
down oil prices  
J*

MEMORANDUM FOR THE PRESIDENT

From: Charlie Schultze *CLS*

Subject: Economic Outlook in OECD Countries

Overview

Last week, I attended a meeting in Paris of economic policy advisers from the OECD countries to examine those countries' tentative objectives for economic growth in 1978, and the prospects for achieving them.

Table 1 below outlines the growth targets set by the OECD countries, and the forecasts for each economy prepared by the OECD staff.

The objectives outlined by the OECD nations would provide for an average growth rate of 4-1/2 percent for the OECD area as a whole. This is below the 5 percent growth rate mentioned by the OECD ministers in June. In light of a growth rate of only 3-1/2 percent in the OECD economies in 1977, however, growth of 4-1/2 percent in 1978 would be satisfactory -- if it can be achieved.

The OECD staff makes a good case, however, that growth for the OECD countries as a whole is likely to fall short of the average objective if present government policies are maintained. They forecast a 1978 growth of only 3-1/2 percent for the OECD as a whole, and for countries outside the United States, a growth of only 3 percent. The CEA has conducted a review of other countries' growth prospects, assisted by analysts from CIA, Treasury, State, and the Federal Reserve. We think the OECD staff forecast is a bit pessimistic, but in the right ballpark.

The discussion in Paris provided little reason for optimism that government policies will provide sufficient new stimulus to meet countries' objectives. If growth in the OECD area falls below 4-1/2 percent in 1978, as now seems likely, unemployment will continue to rise in most countries, and the climate for investment will continue to deteriorate.

Table 1  
Real GNP Growth Rates  
(percent)

	1977	1978	
	OECD Forecast	OECD Forecast	National Objectives
United States	4.8	4.3	5
Other OECD	2.8	3.1	4-1/4
. Japan	5.9	5.2	6
. Germany	3.1	3.1	4-1/2
. France	3.0	3.2	4-1/4
. United Kingdom	0.3	3.0	3
. Canada	2.2	3.3	5
. Italy	1.8	1.1	2
Average, 23 OECD Countries	3.6	3.6	4-1/2

#### Rates of Economic Growth

Growth of domestic demand in the United States, Japan and Germany will be crucial to the economic performance of the entire OECD area in 1978. At the meeting, I indicated that the United States was aiming for a 5 percent growth in 1978, and is considering the size and timing of its tax reform/reduction program with an eye to that goal.

At the meeting, the Germans more or less retracted their 4-1/2 percent growth objective. They virtually admitted that growth was likely to fall below 4 percent in 1978, and most independent observers believe it is unlikely to exceed 3-1/2 percent. The Germans were adamant

that they will take no further action to stimulate their economy in the next six months, but left the door ajar that, if things were not going well, they might be willing to consider action after the six month period is up.

Japanese officials expressed moderately more serious commitment to their 6 percent GNP growth target than the Germans. They argued, however, that their ability to undertake stimulative measures was inhibited by a political constraint against larger government budget deficits. Representatives of other OECD countries expressed concern that Japanese domestic demand would have to grow substantially more than their 6 percent GNP growth objective if the huge Japanese balance of payments surplus is to fall significantly in 1978. Nobody wants a 6 percent growth in the Japanese GNP based principally on export expansion.

A number of other countries -- France and Italy in particular -- have been restraining their economies to deal with inflation. They expressed the view that they could now afford some modest expansion, while still reducing inflation, but only if the Japanese and German economies expanded at a satisfactory rate. They could not tolerate the deterioration in their balance of payments that would occur if they expanded while Germany and Japan failed to speed up growth.

### Inflation

The risk of higher inflation was not considered by the officials at the meeting to be a major barrier to moderate economic expansion. Although inflation rates are expected still to be high in 1978 (except in Germany and Switzerland), some progress is expected in reducing them. It was widely agreed that the achievement of economic growth rates, up to countries' targets, would carry with it little risk of renewed inflationary pressure. Table 2 summarizes the inflation outlook for the major OECD countries.

### Current Account Outlook

Current account imbalances within the OECD are likely to persist in 1978, although the OECD staff expects small reductions in the large deficits of France and the smaller countries. The United Kingdom, Italy, and Belgium moved

Table 2

Inflation Forecasts for "Big Seven" Countries  
Percent Change in GNP Deflators

	<u>1977</u>	<u>1978</u>
United States	5.6	6.0
Japan	5.4	5.9
Germany	3.9	4.2
France	9.2	8.5
United Kingdom	14.3	11.8
Italy	18.5	12.8
Canada	6.6	6.3
Average for Seven Countries	9.5	8.1

---

into surplus in 1977, and their surpluses are expected to rise in 1978. Four countries -- Japan, Germany, the Netherlands, and Switzerland -- are expected to continue to show a combined current account surplus that will be about half as large as the anticipated OPEC surplus. Of necessity, other countries' deficits will remain large if both OPEC and the above-named four persist in large surpluses.

Some foreign officials were concerned about the U.S. deficit. The OECD staff expects a small increase in the U.S. deficit in 1978, but those at the meeting recognized that the best U.S. response to the deficit was to establish an effective energy program. There was a consensus that the United States should not slow its economic growth to reduce its current account deficit. I emphasized that

more rapid growth abroad could help to moderate our deficit. I also pointed out that, in the absence of improved growth abroad, pressures could build in the United States for protectionist measures, which are not desired by other OECD countries. I also hinted, but did not explicitly say, that failure on the part of other countries to grow satisfactorily would keep our trade deficit large, put downward pressure on the exchange value of the dollar and thereby increase the competitiveness of U.S. exports vis-a-vis other nations.

#### Summary

The main obstacle to more satisfactory growth in Germany and Japan was the fear of psychological repercussions from larger budget deficits. Elsewhere, the main obstacles were fears of larger current account deficits due to the failure of Germany and Japan to grow at reasonable rates. Because of these obstacles, hopes are dim of reversing rising unemployment and establishing a self-sustaining recovery with strong investment throughout the OECD area in 1978.

THE WHITE HOUSE  
WASHINGTON

November 29, 1977

The Vice President  
Stu Eizenstat  
Zbig Brzezinski

The attached is forwarded to  
you for your information.

Rick Hutcheson

RE: ECONOMIC OUTLOOK IN OECD COUNTRIES



THE WHITE HOUSE  
WASHINGTON

	FOR STAFFING
	FOR INFORMATION
	FROM PRESIDENT'S OUTBOX
	LOG IN/TO PRESIDENT TODAY
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ACTION	FYI	
		MONDALE
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		EIZENSTAT
		JORDAN
		LIPSHUTZ
		MOORE
		POWELL
		WATSON
		LANCE
		SCHULTZE

	ENROLLED BILL
	AGENCY REPORT
	CAB DECISION
	EXECUTIVE ORDER
	Comments due to Carp/Huron within 48 hours; due to Staff Secretary next day

	ARAGON
	BOURNE
	BRZEZINSKI
	BUTLER
	CARP
	H. CARTER
	CLOUGH
	FALLOWS
	FIRST LADY
	HARDEN
	HUTCHESON
	JAGODA
	KING

	KRAFT
	LINDER
	MITCHELL
	MOE
	PETERSON
	PETTIGREW
	POSTON
	PRESS
	SCHLESINGER
	SCHNEIDERS
	STRAUSS
	VOORDE
	WARREN

THE WHITE HOUSE  
WASHINGTON

November 29, 1977

Jim McIntyre

The attached was returned in  
the President's outbox. It is  
forwarded to you for appropriate  
handling.

Rick Hutcheson

cc: Stu Eizenstat  
Jack Watson

RE: ADVANCE FUNDING FOR CERTAIN  
GRANT PROGRAMS

THE WHITE HOUSE  
WASHINGTON

	FOR STAFFING
	FOR INFORMATION
/	FROM PRESIDENT'S OUTBOX
	LOG IN/TO PRESIDENT TODAY
	IMMEDIATE TURNAROUND

ACTION  
FYI

*include Tach's comment*

	MONDALE
	COSTANZA
/	EIZENSTAT
	JORDAN
	LIPSHUTZ
	MOORE
	POWELL
/	WATSON
/	<del>LANCE</del> JM
	SCHULTZE

	ENROLLED BILL
	AGENCY REPORT
	CAB DECISION
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	POSTON
	PRESS
	SCHLESINGER
	SCHNEIDERS
	STRAUSS
	VOORDE
	WARREN

THE WHITE HOUSE  
WASHINGTON

Mr. President:

Stu Eizenstat concurs; Jack

Watson ~~has no comment~~ *comment  
attached*

Rick (wds)



THE PRESIDENT HAS SEEN.

EXECUTIVE OFFICE OF THE PRESIDENT  
OFFICE OF MANAGEMENT AND BUDGET  
WASHINGTON, D.C. 20503

November 29, 1977

*Jim -  
ok -  
get maximum  
p.r. -  
(See Jack's  
memo)*

MEMORANDUM TO THE PRESIDENT

FROM: James T. McIntyre, Jr. *Jim McIntyre* *JC*  
SUBJECT: Advance funding for certain grant programs

In June of this year, the National Governors' Association recommended to OMB that advance funding be provided for sixteen Federal grant programs. We agreed to consider the recommendations seriously, with a view to accepting as many of them as possible.

An initial review identified eight of the programs as ones that we considered the most likely candidates for advanced funding in the fiscal year 1979 budget. A more intensive review led us to conclude that:

- a form of advance funding that is better (from the States' point of view) than the National Governors' Association recommendations already exists for three programs -- elementary and secondary education, vocational education, and education for the handicapped;
- we will propose advance funding for three other programs -- maternal and child health care, vocational rehabilitation, and programs for the aging;
- advance funding is not suitable for two programs, social services (for which the authorizing legislation already provides the assurance that States seek) and summer youth (for which information needed to determine the budget year program level is not available in time for advance funding).

Thus, advance funding either exists or will be proposed for six of the eight programs.

I plan to send Governor Milliken, Chairman of the National Governors' Association, a letter informing him of these conclusions, expressing pleasure that they are so favorable, and assuring him of our desire to realize additional improvements -- in advance funding and other areas -- in the federal system of government by working cooperatively with the States. You might want to refer to this success and our desire to seek other ones when you meet with the Governors soon.

Incidentally, we have not forgotten the other eight programs for which the National Governors' Association recommended advance funding. Of the eight, six are health and pollution abatement categorical grant programs for which consolidation into block grant programs is being considered. It makes sense to us to resolve the program consolidation matter first and then to consider advance funding. One of the eight programs is law enforcement, which the Administration has proposed restructuring significantly. Advance funding for the program will be considered after decisions have been made on the substance of the program. The last of the eight programs is youth employment, which is a new program that is still evolving. It would be premature to consider advance funding at this stage.

cc: Jack Watson

*P.S. The advance funding proposals will not result in any increase in the budget deficit over and above what would occur anyway.*

THE WHITE HOUSE

WASHINGTON

November 29, 1977

MEMORANDUM FOR THE PRESIDENT

FROM: Jack Watson *Jack*  
Larry Gilson

SUBJECT: JIM MCINTYRE'S MEMORANDUM REGARDING  
ADVANCE FUNDING FOR CERTAIN GRANT PROGRAMS

I agree with the OMB recommendation so long as we are clear on the definition of what constitutes an advance-funded program in the current law.

Title I of the Education Act does provide for advanced funding for the compensatory education programs. Our reading of both the vocational education and education for the handicapped programs does not suggest so clearly that they are advance-funded.

I agree with the OMB conclusion that NGA is confused about the funding process for the compensatory education programs but am concerned that we double-check to be sure that vocational education and education for the handicapped are now advance-funded before communicating with Governor Milliken and NGA.

*Watson comment*

THE WHITE HOUSE  
WASHINGTON

November 29, 1977

Charles Schultze

The attached was returned in  
the President's outbox. It is  
forwarded to you for appropriate  
handling.

Rick Hutcheson

RE: CABINET AND ANTI-INFLATION  
METHODS



3:15 PM

THE PRESIDENT HAS SEEN.

THE WHITE HOUSE  
WASHINGTON

November 29, 1977

*To C Schultze  
Consult w Ray, &  
Mon a.m. be prepared  
to outline to cabinet  
some anti-inflation  
proposals -*

*J.C.*

MEMORANDUM FOR THE PRESIDENT

FROM: JACK WATSON *Jack*

SUBJECT: Your meeting with Ray Marshall  
Tuesday, November 29, 1977 3:15-3:35 p.m.

Ray asked for this meeting to discuss his ideas on inflation policy, and his thoughts on the subject are outlined in the attached memorandum to you. As is evident, there are no new recommendations or requests for decisions in the memorandum. Actually, Charlie Schultze is already doing what Ray suggests in item #2, and Ray should discuss item #3 with Charlie, Barry Bosworth and Harrison Wellford.

The other paper sent by Ray for this meeting is a factual report on Public Service Employment programs. Again, no decision is required and it is not necessary to read the memorandum before your meeting. The major points can be summarized as follows:

- o PSE programs play an important part in our stimulus program and in our plans for welfare reform, urban and rural development and for reducing unemployment.
- o The basic rationale for PSE has been that this is a very cost effective way of reducing unemployment.
- o PSE has another advantage in that it can be targeted on people and areas with high unemployment.
- o PSE has been criticized on grounds
  - that the build up from 285,000 jobs in January to 725,000 jobs next spring could not be accomplished without creating make-work jobs;

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- that workers hired under these programs are substituted for regular State and local government employees; and
- that the jobs are "dead end" and do not lead to regular public and private jobs.
- o In response to these criticisms, it can be said
  - that the stimulus program is on schedule and no make-work is being done;
  - that changes in Title VI of CETA have been made in order to maximize the impact of PSE on unemployment; these changes have substantially reduced substitution; and
  - that several measures are underway to increase private sector involvement in all phases of the PSE program; Ray plans to give you a detailed report on these efforts later.

The remainder of the memorandum describes in detail the substitution problem.

Attachment

U. S. DEPARTMENT OF LABOR  
OFFICE OF THE SECRETARY  
WASHINGTON

November 28, 1977

MEMORANDUM FOR THE PRESIDENT

FROM: RAY MARSHALL *for*  
SUBJECT: Program to Fight Inflation

As you know, I have been continually concerned over the possibility of accelerating inflation. Although the Consumer Price Index for October was encouraging, projections by my staff and the BLS indicate a resumption of food price increases in the next few months with the possibility of significantly higher rates of inflation next spring. If this occurs, it can undermine our expansion.

I have been exploring possible alternative ways this Administration might work to moderate inflation, I have met with Charlie Schultze, and my staff has had discussions with Barry Bosworth. Let me summarize my thoughts:

1. I am still strongly opposed to any system of controls, and I am also skeptical of various proposals put forward in recent months which would attempt to utilize the tax system to encourage (or force) adherence to wage or price guideposts. A major problem with such proposals is the fact that they would rely on a single standard for permissible wage and price changes which simply could not be adapted to our complex wage/price system. Both unions and management are going to resist any attempt at replacing collective bargaining with government fiat, and I think they should.
2. I do think we can organize the Federal Government more effectively to meet this inflation issue. In an earlier memo, I suggested that each Cabinet Department should be made more aware of the inflationary effects of its decisions. One way to achieve this--and to create incentives for avoiding inflationary actions--would be

to ask each Cabinet Secretary or agency head to project inflationary developments in the sector of the economy in which he or she is chiefly involved and to estimate inflationary effects of major departmental proposals. These would then be closely monitored. In this way, for example, if the Transportation Department felt it was necessary to require air bags and thus add to the cost of new cars, it might also feel encouraged to develop proposals in related areas (such as auto insurance) which would provide some offsetting reductions in the price of transportation. Barry Bosworth has been doing some thinking along these lines and is also interested in pursuing this type of proposal.

3. I have been particularly encouraged by the possibility of utilizing a labor-management committee framework. Such a committee, of course, could not become the vehicle for government to interfere in collective bargaining, but rather it could be utilized by government officials to help solve some of the industry's problems including, for example, the difficulties of operating under various government regulations. In the steel industry, for example, I think that development of such a committee could prove useful in helping to make the domestic industry more competitive. The current negotiations over a reference price could provide a means for achieving wage-price restraint. Such negotiations are extremely delicate and may require a new office that is both free of institutional bias and can speak in your behalf. This office--of a special industry representative--might deal with a number of industries where the primary problems are outside the usual bargaining arena. The coal, construction, and transportation industries--as well as steel--could be made less inflationary with the government's help.

U. S. DEPARTMENT OF LABOR

OFFICE OF THE SECRETARY

WASHINGTON

November 28, 1977

MEMORANDUM FOR: THE PRESIDENT

FROM: SECRETARY OF LABOR *for*

SUBJECT: PUBLIC SERVICE EMPLOYMENT

Because we are planning recommendations for CETA reauthorization very soon, I would like to respond to recent media criticism of our public service employment (PSE) programs. As you know, PSE programs play an important part in our stimulus program and in our plans for welfare reform, urban and rural development and for reducing unemployment. The basic rationale for PSE has been that this is a very cost effective way of reducing unemployment. PSE can be targeted on people and areas with high unemployment, whereas tax cuts or other macroeconomic approaches are more difficult to target.

When we announced the public service jobs component of the stimulus program, some critics argued that a build up of this magnitude (from 285,000 when we took office to 725,000 next spring) could not be accomplished without creating make-work jobs. The incontrovertible fact that the stimulus program is on schedule and that the work being done is not make work has greatly reduced this criticism.

We have also demonstrated in Chicago, New York, and other places that we are serious about eliminating fraud and abuse in public service programs.

The most significant remaining criticisms of PSE are (1) that workers hired under these programs are substituted for regular State and local government employees and (2) that the jobs are "dead end" and do not lead to regular public and private jobs.

Both of these criticisms point up serious problems we are attempting to overcome. Our efforts to improve the linkages between PSE and regular public and private jobs, to be detailed in a subsequent report to you, include greater involvement of the private sector in the planning and

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implementation of public employment and training (E&T) programs; experimentation with subsidies, tax incentives and other means to induce greater private sector participation; facilitating greater flexibility for local prime sponsors to deliver a mix of training, work experience and jobs; and giving greater emphasis to on-the-job training than has been the case so far under the decentralized CETA system.

The rest of this report elaborates more fully on our efforts to deal with the substitution problem. Substitution comes about because any unit of government will attempt to use Federal funds the same way they use their other revenues. (Indeed, substitution also is a major problem with private participation in E&T programs.) In order to maximize the impact of PSE programs on unemployment, Title VI to CETA made a number of changes designed to minimize substitution:

- (1) PSE enrollees now must be unemployed for 15 weeks rather than the 15 to 30 days stipulated in previous CETA titles.
- (2) Family income for CETA enrollees must not exceed 70 percent of the BLS low-income standard (about (\$7,000)).
- (3) Title VI emphasizes employment of enrollees on temporary projects of less than 12 months.

We believe these changes have substantially reduced substitution; many of the newspaper accounts (and all of the scholarly studies) apparently refer to the sustainment or pre-1977 PSE programs.

#### The Nature of the Substitution Problem

The nature of this problem can be better understood by distinguishing four different kinds of substitution: pure, equivalent, structural and preventive:

- (1) Pure substitution occurs when prime sponsors (usually State or local governments) use Federal PSE funds rather than their own resources to pay their regular employees. The 15-week waiting period required in the stimulus program minimizes the risk of pure substitution.

- (2) Equivalent substitution occurs when prime sponsors use Federal PSE funds to hire people with the same characteristics as regular employees. The requirement that all new hires come from families whose income is no greater than 70 percent of the BLS low-income standard will reduce equivalent substitution.
- (3) Structural substitution occurs when State and local governments hire those who would not have been employed otherwise to do the work that would have been done by regular employees. The project approach to public service employment is designed to avoid structural substitution.
- (4) Finally, there is preventive action in which PSE funds permit State and local governments to retain personnel they would otherwise have to layoff.

#### 1. Pure and Equivalent Substitution

The Department is making every effort to prevent this sort of substitution. Some of this is likely to continue for the sustainment slots created under older programs. As it is, half of the sustainment slots which open up from attrition must be filled according to the guidelines described above for the stimulus portion of PSE. Therefore, we think the problem will diminish as time goes on.

We also think modifications in the CETA reauthorization, which will take effect after Fiscal 1978, could further reduce pure and equivalent substitution. For example, we would limit the supplementation of PSE wages by State and local governments so that the new slots will clearly pay less than standard unsubsidized public employment.

#### 2. Structural Substitution

Structural substitution is less serious than pure or equivalent substitution. Even if structural substitution takes place, we can accomplish some important objectives of PSE programs. At a minimum, we equalize opportunity by providing jobs for those who otherwise would rarely get a chance for regular work. Under your welfare reform proposal, we would provide income through work for families who otherwise would have to rely on welfare. If the public service employment includes appropriate

training and work experience we can, if successful, provide enrollees with the capabilities and background required to give them a better chance at unsubsidized employment. If we hire persons who otherwise would not be working, we are able to reduce unemployment without making labor markets tighter or adding to inflation, therefore, we can improve the inflation unemployment tradeoff.

Some observers think that structural substitution is beneficial in the long run. If those who would otherwise have been unemployed are able to perform essential public services, they can release more qualified persons for employment in the private or public sectors. Of course, those current or potential future public employees whose jobs are taken by the structurally unemployed may have a different opinion as to the advantages and disadvantages of structural substitution.

### 3. Countercyclical Public Service Employment

The objectives of countercyclical public service employment will not be met if either pure, equivalent, or structural substitution takes place. Countercyclical programs are designed to take up the slack that exists because regular private or public sector employment diminishes during a recession. To the extent the apparent substitution is truly preventive action, this is not a real problem. In this case, the public service employment prevents layoffs that would otherwise have taken place thereby increasing total employment. A substantially sized countercyclical PSE program is intended, however, to do more than eliminate employment cycles in the public sector. The hope is that the program will also pick up some of the employment slack created in the private sector. The project approach is one attempt to bring about this outcome. Another is to convince employees that their PSE jobs are truly short term. Our new regulations will be directed to that end.

A third requirement is that State and local governments understand the temporary nature of countercyclical PSE programs. That battle has not yet been fought and will require that we convince State and local governments that a permanent countercyclical program is to their advantage. That means that State and local governments will have to relinquish some portion of their 725,000 PSE slots as unemployment declines. Our proposed CETA reauthorization will include a formula that relates the number of PSE jobs to the unemployment rate.



Recent data indicate that the changes in the CETA program mentioned earlier have limited fiscal substitution, at least in the short run. In the year prior to the PSE buildup, State and local government employment grew very slowly while public service employment actually declined. Over the four quarters of 1976, State and local employment grew by only 41,000 on an average, less than 14,000 per month. Between April and October of this year, however, State and local employment increased by an average of 52,000 per month. The average increase in public service employment, from April to October, was 40,000 per month. Our data suggest that about 20 percent of those jobs were in private, non-profit, community-based organizations funded through the CETA system. Thus, the State and local PSE increase in the last 6 months was approximately 32,000 monthly or about 20,000 a month less than the total employment increase in the sector.

Over the last year and a half at least, there is no evidence of any substitution. (See chart.) While it is impossible to know what State and local governments would have done without the PSE program, and it is difficult to predict what they would do in the future in the way of substitution, the recent evidence suggests that substitution under the new stimulus program has been avoided.

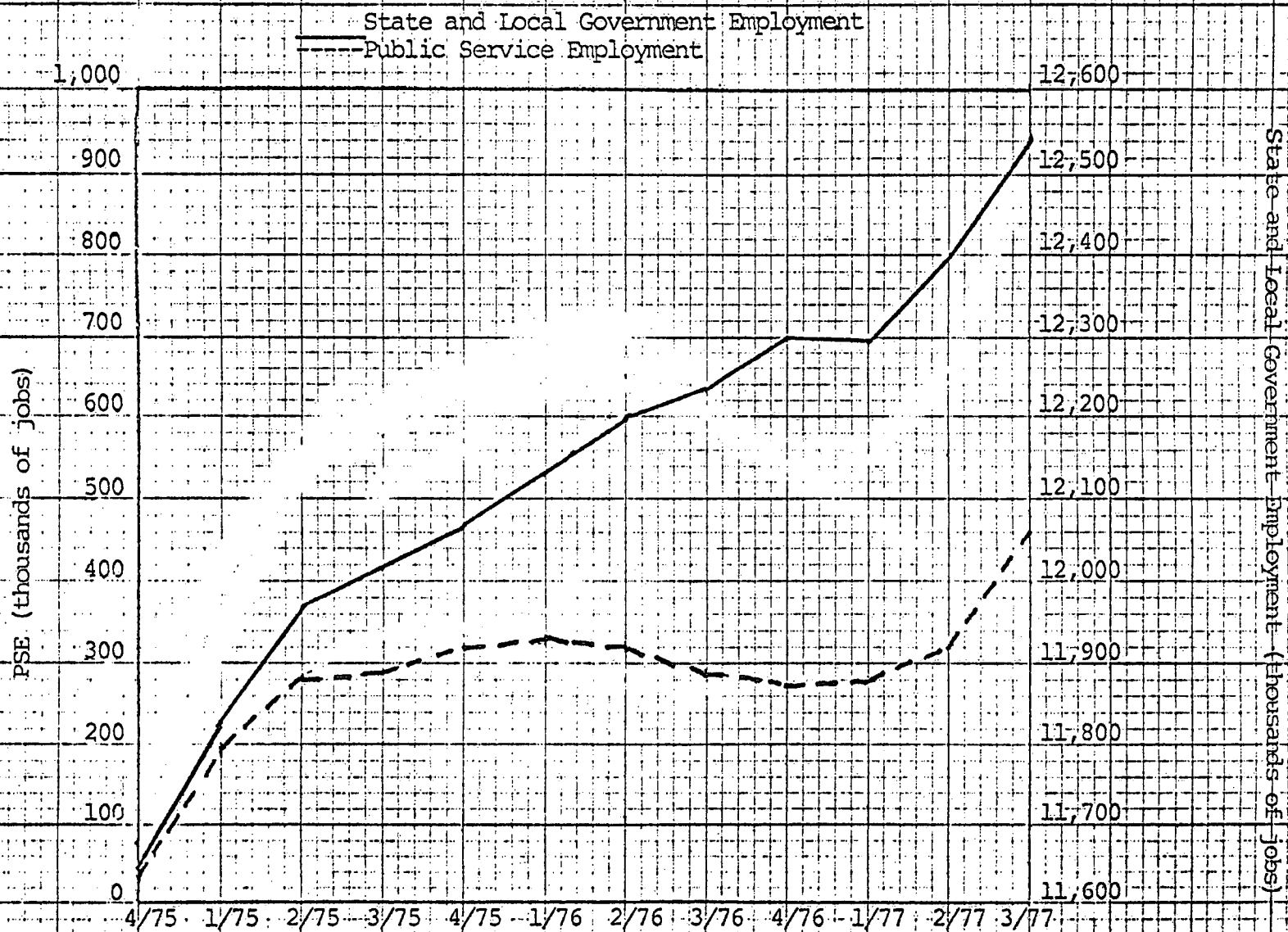
Of course, an increase in employment is not identical to a decrease in unemployment. In most years the labor force grows and in periods of economic recovery the labor force grows more rapidly as discouraged workers return to the job market. Between May and October, for example, the labor force participation rate increased from 62.2 percent to 62.4 percent. That relatively small difference, of .2 of a percentage point, means that the labor force increased by 314,000 due to increased participation alone. This is larger than the increase in public service employment. The total labor force growth was almost one million because the working age population grew.

We should not be disappointed if increasing the employment of those with very high unemployment rates does not reduce measured unemployment, at least initially. Programs designed to help minority youth in urban ghettos is likely to increase employment and labor force participation rather than decrease measured unemployment. The labor force participation rates of minority teenagers is less than 40 percent compared to 60 percent for white teenagers.

There is an interagency group, which includes the Labor Department, CEA, Treasury, Commerce and OMB that is evaluating the countercyclical properties of the various parts of the stimulus program. Because it is so hard to nail down what

governmental units would have done without these programs, it is difficult to get definitive answers. We should, however, know substantially more about the net results of these programs by the middle of next year.

# Growth in State and Local Government and Public Service Employment





THE PRESIDENT HAS SEEN.

THE WHITE HOUSE

WASHINGTON

November 29, 1977

C  
/

MEMORANDUM FOR THE PRESIDENT

FROM: Bob Lipshutz *BL*

SUBJECT: Congressman Rosenthal's Request for  
Documents from the Department of Commerce  
Re: Arab Boycott Regulations

Following up earlier memoranda and discussions concerning this matter, I am pleased to advise that the procedural tactics developed and implemented by us and the legal counsel for the Commerce Department and others seems to have been successful.

The Committee completed its hearing today and voted that it will not request a subpoena at this time, but will simply write a letter to Secretary Kreps rejecting her offer to handle the matter in the specific manner previously proposed. At the same time, they will review the documents voluntarily submitted to them by the Commerce Department and then take no further action until the actual regulations have been published by the Commerce Department.

At that time, they will decide whether or not to renew their request for these documents being withheld, or to modify their request, or simply to close the file. Legal counsel for the Department of Commerce advises me that these regulations should be published shortly before Christmas, with the expectation that they will become effective on January 19, 1978.

While the Committee of course still reserves an option to have some type of confrontation at a later date, that now seems much less likely.

I will keep you advised.

cc: The Vice President  
Frank Moore  
Eizenstat  
Jack Watson

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THE PRESIDENT HAS SEEN.

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WASHINGTON

November 29, 1977

MEMORANDUM TO THE PRESIDENT

FROM: FRANK MOORE  
BOB THOMSON *Bob*

RE: Utility Rate Reform Conference

Today, the conference came to agreement on several more of the wholesale rate provisions in the utility bill. The conferees will not meet tomorrow (Wednesday), but will return Thursday at 9:30 to wrap up the final three major issues - interlocking utility directorates, rules affecting gas utilities and FERC's Office of Public Participation.

The Resolution of the "pancaking" issue was not entirely to our liking. "Pancaking" occurs when a utility files a petition to raise its rates while a prior rate petition filed by the utility is still being considered by a utility commission. The conference decided on a 1-year FERC study of the practice without acting to put an immediate end to the practice.

The conference adopted mandatory federal standards for cogeneration facilities, but made them enforceable by state PUC's. We had hoped for federal enforcement power. Cogenerators of 30 megawatts or less were made exempt from federal regulation except for siting and licensing restrictions.

The conference also adopted expedited licensing procedures for low-head hydroelectric plants.

The utility rate reform conference should be concluded by Friday noon. In preparation for the natural gas conference, we have invited staff of all the Democratic Senate conferees to the Mess for breakfast tomorrow (Wednesday) morning.

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THE WHITE HOUSE  
WASHINGTON

November 29, 1977

Stu Eizenstat  
Jim McIntyre

The attached was returned in  
the President's outbox. It is  
forwarded to you for your  
information.

Rick Hutcheson

RE: ADMINISTRATION RESPONSE TO  
CONGRESSIONAL CONCERNS ABOUT THE  
1980 CENSUS

THE WHITE HOUSE  
WASHINGTON

	FOR STAFFING
	FOR INFORMATION
/	FROM PRESIDENT'S OUTBOX
	LOG IN/TO PRESIDENT TODAY
	IMMEDIATE TURNAROUND

ACTION  
FYI

	MONDALE
	COSTANZA
/	EIZENSTAT
	JORDAN
	LIPSHUTZ
	MOORE
	POWELL
	WATSON
/	LANCE <i>LM</i>
	SCHULTZE

	ENROLLED BILL
	AGENCY REPORT
	CAB DECISION
	EXECUTIVE ORDER

Comments due to  
Carp/Huron within  
48 hours; due to  
Staff Secretary  
next day

	ARAGON
	BOURNE
	BRZEZINSKI
	BUTLER
	CARP
	H. CARTER
	CLOUGH
	FALLOWS
	FIRST LADY
	HARDEN
	HUTCHESON
	JAGODA
	KING

	KRAFT
	LINDER
	MITCHELL
	MOE
	PETERSON
	PETTIGREW
	POSTON
	PRESS
	SCHLESINGER
	SCHNEIDERS
	STRAUSS
	VOORDE
	WARREN





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EXECUTIVE OFFICE OF THE PRESIDENT  
OFFICE OF MANAGEMENT AND BUDGET  
WASHINGTON, D.C. 20503

*ok*  
*J*

NOV 25 1977

INFORMATION

MEMORANDUM FOR: THE PRESIDENT

FROM: Jim McIntyre *Jim McIntyre*  
Stu Eizenstat *Stu*

SUBJECT: Administration Response to Congressional Concerns  
about the 1980 Census

The House Post Office and Civil Service Subcommittee on Census and Population, chaired by Congressman William Lehman, has been working since February 1977 on legislation to restructure the conduct and content of the 1980 and future decennial censuses. The first bill drafted by the Subcommittee, H.R. 8871, had three stated goals:

1. To reduce the problem of undercounting portions of the population, especially minority groups;
2. To provide for an independent oversight and evaluation of census procedures and products; and
3. To establish a more formal means for cities and other units of government to appeal census counts and estimates.

While generally supporting these goals, many outside experts and interest groups strongly opposed H.R. 8871. Over twenty Federal agencies opposed it, including the Justice Department, which found at least one provision unconstitutional.

The Administration also went on record strongly opposing H.R. 8871. The Department of Commerce testified in opposition to the bill indicating that the bill's passage would likely increase census costs, reduce public cooperation, impair confidentiality standards, delay data publication and permit excessive and unnecessary Congressional intervention in census design and administration.

In response to the Administration's strong negative reaction to H.R. 8871, Chairman Lehman, Congresswoman Patricia Schroeder and their staff met with us in an attempt to iron out differences. In addition, Congressman Lehman indicated that he might withdraw H.R. 8871 if he were to receive evidence

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that the White House and the Department of Commerce supported the objectives of the legislation and would take strong administrative actions to address the subcommittee's concerns. Following a subsequent series of meetings among Census, Commerce, OMB and White House staff, Manuel Plotkin, Director of the Census Bureau, and Courtenay Slater, Chief Economist of the Commerce Department, sent detailed letters to Chairman Lehman at the end of September explaining the procedures they were instituting to deal with each of his objectives and concerns.

One of Chairman Lehman's highest priorities is to gain Administration support for an independent evaluation of the Census Bureau's plans for the 1980 Decennial Census. We believe that this proposal has merit given the concerns of Congress and other public officials and interest groups about the responsiveness of the Census Bureau. Because census data will be used for the apportionment of Congressional seats, for the allocation of substantial amounts of Federal funds and for the planning of major domestic policies and programs over the next 5-10 years, it is important that the procedures and products of the Bureau be of the highest statistical quality.

Secretary Kreps has formally notified us, and Chairman Lehman has been so informed, of her intention to have an independent evaluation of the Census Bureau's plans conducted. The National Academy of Sciences has since agreed to conduct this evaluation.

Chairman Lehman has withdrawn H.R. 8871, and introduced a new bill, H.R. 9623, which was reported out of the subcommittee on October 25, 1977. The new bill is a revised version of the earlier proposal, however, it still contains a number of highly objectionable provisions and is now pending before the full Committee.

Thus far, we believe that the Administration has taken significant steps to respond to the concerns which have been raised. We do not believe that legislation on these matters is required at this point. We will continue to work with the committee and keep you informed of further developments.

THE WHITE HOUSE  
WASHINGTON

Nov. 29, 1977

The Vice President  
Midge Costanza  
Hamilton Jordan  
Bob Lipshutz  
Frank Moore  
Jody Powell  
Jack Watson

The attached is forwarded to  
you for your information.

Rick Hutcheson

RE: ADMINISTRATION RESPONSE TO  
CONGRESSIONAL CONCERNS ABOUT  
THE 1980 CENSUS

THE PRESIDENT HAS SEEN.  
THE WHITE HOUSE  
WASHINGTON

November 29, 1977

MEMORANDUM FOR THE PRESIDENT

FROM:

FRANK MOORE

*F.M.*

1. I talked with Senator Byrd subsequent to our breakfast meeting. I suggested to Byrd that Senator Baker is probably the obstacle of Senator Sparkman getting the treaty out of committee in December. Senator Byrd said he had not thought about that and that he would try to reach Howard Baker first before he talks with Sparkman. Sparkman can have it voted out of his committee while Baker was out of town, thus avoiding putting Senator Baker on the spot too early.
2. Jack Watson--in talking with friends in Arkansas--says strong rumor is that David Pryor will appoint Mrs. McClellan to fill the unexpired term. This might be a reason for Rosalynn to go. We would certainly need Mrs. McClellan's vote on Panama, SALT and other close issues. McClellan's staff is very conservative and any personal relationships should be formed with her early; this would stand us in good stead later.

*she will go*

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THE WHITE HOUSE  
WASHINGTON

November 29, 1977

Jim Fallows

The attached was returned in  
the President's outbox. It is  
forwarded to you for appropriate  
handling.

Rick Hutcheson

cc: Jody Powell

RE: Speech writing

THE WHITE HOUSE  
WASHINGTON

	FOR STAFFING
	FOR INFORMATION
/	FROM PRESIDENT'S OUTBOX
	LOG IN/TO PRESIDENT TODAY
	IMMEDIATE TURNAROUND

ACTION	FYI	
		MONDALE
		COSTANZA
		EIZENSTAT
		JORDAN
		LIPSHUTZ
		MOORE
	/	POWELL
		WATSON
		LANCE
		SCHULTZE

	ENROLLED BILL
	AGENCY REPORT
	CAB DECISION
	EXECUTIVE ORDER
Comments due to Carp/Huron within 48 hours; due to Staff Secretary next day	

	ARAGON
	BOURNE
	BRZEZINSKI
	BUTLER
	CARP
	H. CARTER
	CLOUGH
/	FALLOWS
	FIRST LADY
	HARDEN
	HUTCHESON
	JAGODA
	KING

	KRAFT
	LINDER
	MITCHELL
	MOE
	PETERSON
	PETTIGREW
	POSTON
	PRESS
	SCHLESINGER
	SCHNEIDERS
	STRAUSS
	VOORDE
	WARREN

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THE WHITE HOUSE

WASHINGTON

November 28, 1977

*Jim- This is ok.*

*Avoid complete re-writing after basic outline is approved.*

*Although there is a tendency for us to want to be the "author", this creates a major additional effort to get necessary new comments - J.C.*

MEMORANDUM TO THE PRESIDENT

FROM: JIM FALLOWS

SUBJECT: Speechwriting

Here is a revised proposal for the speechwriting process, as you requested.

1) When you decide to give a speech, Rick Hutcheson should notify Jim Fallows, Jody Powell, Hamilton Jordan, and Stu Eizenstat and/or Zbigniew Brzezinski, as appropriate.

2) After consulting with all the interested parties, including the people named above plus any Cabinet members or others you suggest, Jim Fallows should submit to you a simple list of the points to be made in the speech, in their proper order.

3) You review the list and make your comments and revisions. You then meet briefly with representatives from the policy staff and the speechwriting office, to explain your emphases, answer questions, and clear up any ambiguities.

4) The speechwriters should then prepare a first draft speech, based on material from the policy staff and guidance from Jody, Hamilton, and others as appropriate. After clearing the content with the policy staff and consulting with Jody, the speechwriters should present the draft to you for revisions. Staff disagreements and policy options should be indicated in brackets.

5) At this point you should meet again briefly with those who prepared the speech, including, at a minimum, the speechwriter, Jody, and the policy representative. The purpose of this meeting is for the staff to explain why they have put the speech together in the way they have. If there are certain points they have chosen to omit, terms of art they have used, subtle emphases they have employed, they should explain them to you now, before you begin your revisions. That way, when they receive your second draft, they will know that you have heard their arguments and either accepted or rejected them.

6) You review the speech and either instruct the speechwriters to produce another draft, or edit and rewrite it yourself. You send your draft for review to Jody, Jim Fallows, Stu and/or Zbig, and others whom you choose. This step should take place three or four days before the speech.

7) They make their comments within 24 hours and submit them to Jim Fallows, who will collate them and pass them to you.

8) You consider these objections and produce your penultimate draft. You send it to the Vice President, Hamilton, Jody, Stu and/or Zbig, Jim Fallows, and any others you choose. Ordinarily they should get it at least 36 hours before the speech; the deadline for their responses should be 30 hours before the speech.

9) You consider these comments, approve a final draft, and give it to Susan Clough. She sends it to the speech-writing office to prepare a speech text and to the press office for a press release. Except in emergency cases there should be no further changes, and none should ever be made without asking you.




MEMORANDUM

THE WHITE HOUSE

WASHINGTON

November 11, 1977

MEMORANDUM FOR: JIM FALLOWS  
FROM: ZBIGNIEW BRZEZINSKI   
SUBJECT: Comments on Speechwriting Process

My only comment on your proposed memorandum to the President on the speechwriting process relates to paragraph 4. I recommend that the paragraph read as follows:

The speechwriters should prepare a draft speech, based on a substantive draft from the policy staffs and advice from Jody, Hamilton, and others as appropriate to each subject. This stage -- including the meeting with you -- should ideally begin three weeks before the speech, when there is that much advance notice; except in emergencies it should always begin at least two weeks before the speech. The speechwriters should present a draft to you a week to ten days before the speech. That draft should go to you through the policy staff so that comments on substance could be provided. That draft should be one on which all the staff participants essentially agree -- or on which the areas of disagreement can be pointed out simply to you.